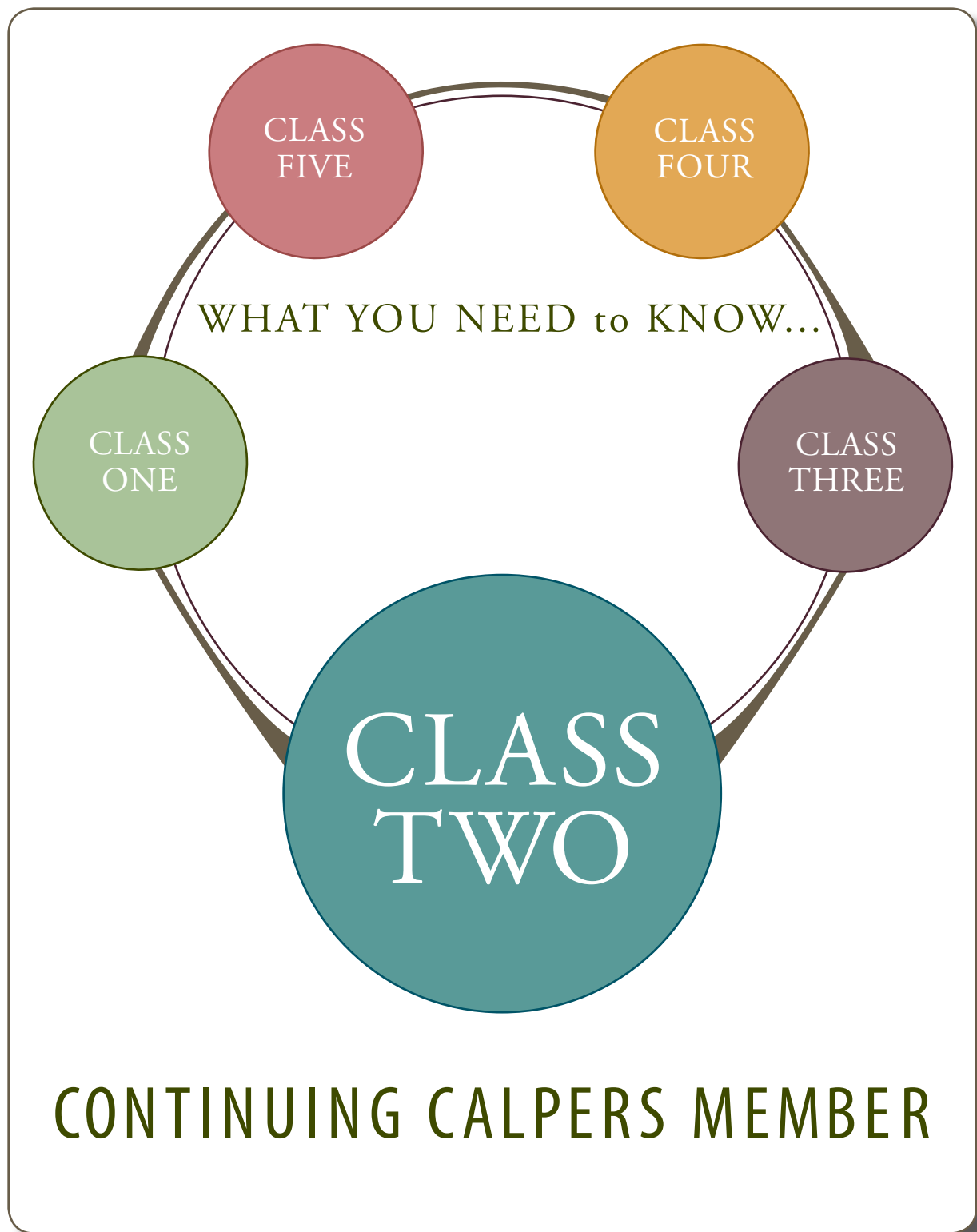


WHAT YOU NEED to KNOW...



CONTINUING CALPERS MEMBER | CLASS TWO



- New CalPERS Member | CLASS ONE
- Continuing CalPERS Member | CLASS TWO
- Planning Your Retirement | CLASS THREE
- Completing Your Retirement Application | CLASS FOUR
- Retired CalPERS Member | CLASS FIVE

CalPERS Publications Checklist

CalPERS Member Benefit Booklets

- School Benefits (pub 2)
 - State Miscellaneous and Industrial Benefits (pub 6)
 - State Safety Benefits (pub 7)
 - Local Miscellaneous Benefits (pub 8)
 - Local Safety Benefits (pub 9)
 - National Guard Member Benefits (pub 11)
-

CalPERS Retirement Applications

- Service Retirement Election Application (pub 43)
 - Disability Retirement Election Application (includes industrial disability retirement) (pub 35)
-

CalPERS Health Publications

- Health Program Guide (HBD-120)
- Health Benefit Summary (HBD-110)
- CalPERS Medicare Enrollment Guide (HBD-65)
- Evidence of Coverage Publications

The health publications are updated annually.

Other CalPERS Publications

- Service Credit Purchase Options (pub 12)
 - Power of Attorney (pub 30)
 - Retired Member Death Benefits (pub 31)
 - Employment After Retirement (pub 33)
 - Reinstatement from Retirement (pub 37)
 - When You Change Retirement Systems (pub 16)
 - Planning Your Service Retirement (pub 1)
 - Changing Your Beneficiary or Monthly Benefit After Retirement (pub 98)
 - Retirement Option 4 (pub 18)
 - Temporary Annuity (pub 13)
 - Partial Service Retirement (pub 14)
 - Alternate Retirement Program (pub 10)
 - A Guide to CalPERS Community Property (pub 38A)
 - CalPERS Model Domestic Relations Orders (pub 38B)
 - Refund/Rollover Election Package (PERS02M0324)
-

Ordering CalPERS Publications

All CalPERS publications and forms are available for download or order on our Web site, www.calpers.ca.gov, at the forms and publications link. You can also order any of our forms and publications by calling our toll free number, **888-CalPERS** (or **888-225-7377**).

What you need to know...Continuing CalPERS Member

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rev. 1/13

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While reading this material, remember that CalPERS is governed by the Public Employee's Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decision will be based on the law and not this publication.

Introduction to *Continuing CalPERS Member*

Planning Your Retirement

CalPERS offers a series of five classes designed to educate and inform CalPERS members at any stage of their careers:

- New CalPERS Member | Class One
- **Continuing CalPERS Member | Class Two**
- Planning Your Retirement | Class Three
- Completing Your Retirement Application | Class Four
- Retired CalPERS Member | Class Five

The Continuing CalPERS Member class is designed primarily for members who are early to midway through their careers.

The CalPERS Customer Education Center

The CalPERS Education Center (CEC) is an online service available through the my|CalPERS Web portal on our Web site, **www.calpers.ca.gov**.

The CEC is an online tool that enables you to review the schedule of classes and enroll in a class online. You are now able take the five basic classes online at your own pace. You can also enroll in any instructor-led class by calling our toll free number **888 CalPERS** (or **888-225-7377**).

What is CalPERS?

CalPERS Defined Benefit Plan

CalPERS is a 401(a) defined benefit retirement plan. We provide lifetime benefits based on a member's years of service, age and highest compensation.

CalPERS also provides benefits for disability and death, making payments in some cases to survivors and/or beneficiaries of eligible members.

Background

CalPERS manages pension and health benefits for approximately 1.5 million California public employees, retirees, and their families.

The CalPERS membership is divided among three groups, consisting of retired and active employees of:

- Public Schools – classified positions
- Public Agencies (cities, counties & special districts)
- The State (State government agencies, the legislature, & CSU)

The laws governing CalPERS are known as the Public Employees Retirement Law.

A Brief History of CalPERS

1932 – CalPERS was established by State law to provide retirement benefits for State employees.

1939 – Public Agency and classified School employees were allowed to participate.

1962 – State law authorized CalPERS to provide health benefits to State employees.

1967 – The health benefits program was expanded to include Public Agency and School employees.

1995 – CalPERS offered long-term care insurance to public employees, retirees, and their family members.

CalPERS Mission Statement

Provide responsible and efficient stewardship of the System to deliver promised retirement and health benefits, while promoting wellness and retirement security for members and beneficiaries.

CalPERS Programs

CalPERS Programs

CalPERS offers the following programs designed to support your financial planning needs:

- Retirement savings plans
 - Health benefits
 - Long-Term Care Program
-

Savings Plans

CalPERS offers three different savings plans to assist members in saving for retirement:

- CalPERS 457 Deferred Compensation Program
- Supplemental Contributions Program
- State Peace Officers' and Firefighters' Defined Contribution Plan

There are eligibility requirements for each of these plans.

CalPERS 457 Deferred Compensation Plan

The CalPERS 457 Deferred Compensation Plan is a supplemental retirement savings plan available to Public Agency and School members as long as their employer contracts for this benefit.

- Contributions into the plan are made by pre-tax payroll deductions
- Earnings grow tax-free until withdrawn as taxable income in retirement
- Participants can direct their money into investment options of their choosing

Note: State employees are not eligible for the CalPERS 457 plan, but are eligible for the 457 plan available through the State Savings Plus Program which is administered by the Department of Human Resources.

CalPERS 457 Deferred Compensation Plan, Continued

Contact your employer's plan representative to:

- Obtain the enrollment form
- Select investments and deferral amounts
- Designate beneficiaries

Your enrollment form must be signed by an employer representative.

Public agency and school employers in California can contract with CalPERS to provide this savings program to their employees even if they do not offer the CalPERS defined benefit retirement or health programs. There is no cost for the employer to add this plan, and it can be added in addition to any plan they already offer.

For more information visit our Web site or call (800) 260-0659.

Supplemental Contributions Program

The Supplemental Contributions Program is designed to provide additional retirement income to CalPERS members who are State employees. This is a CalPERS administered program separate from the State's Savings Plus Program. School and Public Agency employees are not eligible to participate in this program.

- This program is entirely member funded and participation is voluntary.
- Contributions are made on an after-tax basis and are separate from the contributions made to the CalPERS defined benefit plan.
- The contributions will be tax free when withdrawn; the interest, however, will be taxable.

For more information visit our Web site or call (800) 260-0659.

State Peace Officers' and Firefighters' Defined Contribution Plan

The State Peace Officers' and Firefighters' Defined Contribution Plan (POFF DC Plan) is an employer paid benefit that supplements a qualifying member's pension. To be enrolled in the POFF DC plan you must be a state employee with the Department of Corrections and Rehabilitation in bargaining unit 6.

Contributions to the POFF DC Plan are:

- Made by the State
- Paid directly into the account for your benefit
- Subject to contract negotiations – currently 2% of base pay

The contributions are currently invested in a balanced growth index fund. This fund invests in a mix of 60 percent equity (stocks) and 40 percent fixed income (bonds). Each February you'll receive an annual statement reflecting the beginning balance, contributions, earnings, and the ending balance of your account.

You are eligible to receive your account balance (contributions and earnings) once you permanently separate from all employment with the State. Within 30 days of your termination, forms will be automatically mailed to your address of record so you can initiate your distribution request. (Temporary leaves of absence do not qualify as terminations.) If you have more than one employment position, you must separate from all positions to become eligible for distribution.

Important: Effective April 1, 2011, the State no longer contributes two percent (2%) of the base salary of the following members to the POFF II plan:

- Unit 6 employees, and
- Unit 6 related excluded employees (S06, M06, E06, and C06)

For more information visit our Web site or call (888) 600-7633.

Health Benefits

CalPERS is the second largest purchaser of health care benefits in the nation, providing benefits to more than 1.3 million public employees, retirees, and their families.

- This program covers State employees by law.
- Public Agency and School employers can contract to have CalPERS provide these benefits to their employees whether or not they contract for our retirement program.

**CalPERS Long
Term Care
Program**

CalPERS offers a voluntary comprehensive long-term care insurance program to help you plan for the high cost of long-term care services that your regular health insurance doesn't cover.

Those eligible for the CalPERS Long-Term Care Program include all California public employees, retirees and their:

- Spouses
- Parents
- Parents-in-law
- Adult siblings between the ages of 18-79

There are several different levels of coverage available with the CalPERS Long-Term Care Program, and it can be used nationwide.

For more information visit our Web site or call (800) 982-1775.

**Contact
Information**

You can learn more about all of the benefit programs discussed in this section at any time by visiting the CalPERS On-Line Web site **www.calpers.ca.gov**. You may also contact your program of choice by phone.

CalPERS 457 Deferred Compensation Program
(800) 260-0659

CalPERS Supplemental Contributions Program
(800) 260-0659

State Peace Officers' & Firefighters' Defined Contribution Plan
(888) 600-7633

CalPERS Long-Term Care Program
(800) 982-1775

Retirement Types

CalPERS Retirement Types

CalPERS offers three different types of retirements:

- Service Retirement
 - Disability Retirement
 - Industrial Disability Retirement
-

Service Retirement Eligibility

In most cases, you must be at least age 50 and have five years of CalPERS service. The exception is for State Second Tier members, who must be at least 55 years old with 10 years of service. You may also be eligible for a service retirement if you've worked over five years part time, even if you don't have five years of service credit. This is called a partial service conversion (government code 20970).

Disability Retirement

Eligibility for Disability Retirement

You may apply for disability retirement while you are in CalPERS-covered employment, within four months of separation of employment, while on approved leave, or any time if you left your job because of a disability and have remained disabled since then. There is no minimum age requirement for disability retirement. In most cases, you must have a minimum of five years of CalPERS service credit.

When to Apply For Disability Retirement

You, or someone on your behalf such as your employer, should apply for disability retirement as soon as you are unable to perform your job because of an illness or injury that is expected to be permanent or expected to last longer than six months.

Disability Retirement Calculation

Disability retirement is a monthly benefit payable to a disabled member for life or until recovery from the disabling injury or illness. The non-industrial benefit is based on a member's years of service, age, and highest compensation. The age formula is based on your employer's contract with CalPERS.

Get more information by reviewing the *A Guide to Completing Your CalPERS Disability Retirement Election Application*, or the Member Benefit Booklet for your employee category.

Industrial Disability Retirement

Eligibility for Industrial Disability Retirement

Industrial disability is available if you are unable to perform the duties of your job because of a job-related injury or illness and you are employed in one of the following CalPERS membership classifications: State safety, peace officer/firefighter, patrol, local safety, and certain miscellaneous members if your employer contracts for this benefit. If you are a public agency safety member, your employer will make the determination of disability, so you should consult with them about their procedures. There are no age or service restrictions for industrial disability.

When to Apply For Industrial Disability Retirement

You, or someone on your behalf such as your employer, should apply for disability retirement as soon as you are unable to perform your job because of an illness or injury that is expected to be permanent or expected to last longer than six months.

Industrial Disability Retirement Calculation

Industrial disability retirement allowances begin at 50 percent of compensation for members under service retirement age. If you are eligible to retire then the service retirement amount is payable. Get more information by reviewing *A Guide to Completing Your CalPERS Disability Retirement Election Application*, or the Member Benefit Booklet for your employee category.

How to Apply for Disability or Industrial Disability Retirement

- Review the CalPERS Web site for retirement information and member publications.
- Obtain photocopies of your important documents such as a birth certificate for your beneficiary, marriage certificate, or certificate of domestic partnership.
- If you think you may be eligible to purchase additional service credit not shown on your most recent CalPERS Annual Member Statement, request *A Guide to Your CalPERS Service Credit Purchase Options* booklet.
- If there is a community property claim on your account, submit your settlement agreement to the CalPERS Customer Account Services Division – Community Property Unit.
- Register for a User ID and Password on our Web site and submit an online request for a retirement estimate from CalPERS.
- Visit the CalPERS Web site or contact your employer to obtain a copy of *A Guide to Completing Your CalPERS Disability Retirement Election Application* booklet.

Be sure that you have the additional required forms in the booklet, *A Guide to Completing Your CalPERS Disability Retirement Election Application*, completed and submitted to CalPERS along with your completed application, and make a copy of all documents for your records.

Retirement Calculation Formula

Your retirement benefit is calculated using a formula with three factors:

$$\begin{array}{ccccccc} \text{Service Credit} & \times & \text{Benefit Factor} & \times & \text{Final Compensation} & = & \text{Unmodified} \\ \text{(Years)} & & \text{(\% per year)} & & \text{(monthly \$)} & & \text{Allowance} \end{array}$$

- Service Credit = total years of service
- Benefit Factor = percentage of final compensation for each year of service credit, based on your age at retirement
- Final Compensation = an average of your highest monthly pay rate
- Unmodified Allowance = your basic pension

An increase in one or more of these three factors can mean a higher pension at retirement. We discuss each of these factors in this book. You can also get more information by reviewing your *Member Benefit Booklet*. You can also use our online *Retirement Estimate Calculator* on our Web site at www.calpers.ca.gov.

How is the CalPERS Defined Benefit Plan Funded?

CalPERS Retirement Funding Sources

CalPERS is a defined benefit retirement plan, often referred to as a pension plan. Your retirement benefit is determined by a formula based on age, years of service, and highest compensation, and is guaranteed for life.

Your pension is funded from three sources:

- Member (employee) contributions
 - Employer contributions
 - Earnings from pension fund investments
-

Member Contributions

Member contribution amounts are set by law and vary by job classification, employer and Social Security participation.

Contributions are made each pay period to your account. Contributions for State and School members are made pre-tax. Most Public Agency members make pre-tax contributions, but may make contributions on an after tax basis. Check with your employer to see what rate you are currently paying, and if they are pre or after tax for Public Agency members.

The balance in your member account currently earns a 6% annual compounded rate of return.

Employer Contributions

The amount your employer contributes is adjusted annually based on specific economic and investment performance factors. Employer contributions are not kept in your name; they are kept in your employer's account.

Investment Earnings

The third source of income is from CalPERS investment earnings in Stocks, Bonds, and other investment vehicles.

Investment earnings vary from year to year.

Retirement Income Planning

Retirement Income Sources

Most financial experts believe you'll need approximately 85 percent of your pre-retirement income in retirement in order to maintain your standard of living in retirement. You may need less than 100 percent of your pre-retirement income because some expenses may end at retirement, such as retirement contributions and some taxes like FICA (Social Security/Medicare).

Your retirement income may include one or more of the following sources:

- Pension (CalPERS)
- Social Security
- Personal Savings

In this chapter we'll briefly discuss all three of these possibilities and how they can work together to provide your total retirement income.

Pension (CalPERS)

Your CalPERS pension is a defined benefit plan. What that means is the amount of the benefit is determined by a formula (see previous page), not by how much you've contributed into the plan. Believe it or not, the amount of your contributions has nothing to do with how much your pension will be.

Once you begin receiving your pension, your benefit is guaranteed and payable for life, and you'll receive annual cost of living adjustments beginning in the second calendar year of your retirement.

CalPERS is the administrator of the defined benefit plan and manages the funds, so you don't have to worry about how the funds are invested.

Social Security

Social Security is another possible source of retirement income. This brief introduction to Social Security is based on information from their website, www.ssa.gov. If you have any questions on your personal situation please contact the Social Security Administration directly.

Social Security is a federally mandated social insurance program. The amount of income you are eligible for is based on the year you were born and the average wages you've earned over your lifetime.

Social Security benefits may also be available to eligible family members. Again, if you have any questions regarding Social Security benefits please contact them directly (there is contact information later in the chapter).

**How Do You
Qualify for
Social Security?**

When you work and pay Social Security taxes, called FICA on some pay stubs, you earn Social Security credits. To qualify for benefits, you need at least 40 credits which is approximately ten years of work.

Once you've acquired the minimum 40 credits, you can retire from Social Security as early as age 62 with a reduced benefit.

To be eligible for your 100% entitlement from Social Security, you need to be between ages 65 and 67, depending on your year of birth. However, you can receive an increased benefit from Social Security if you work beyond your full retirement age up to age 70.

**Social Security
Retirement Age**

This chart that shows when you would reach the full retirement age to receive 100% of your entitlement from Social Security. It also shows the percentage you would receive if you retired early from Social Security at age 62.

Social Security Retirement Age		
Year of Birth	Full Retirement Age	Age 62 Reduced Benefits
1938	65 and 2 months	79.20%
1939	65 and 4 months	78.30%
1940	65 and 6 months	77.50%
1941	65 and 8 months	76.70%
1942	65 and 10 months	75.80%
1943 - 1954	66	75.00%
1955	66 and 2 months	74.20%
1956	66 and 4 months	73.30%
1957	66 and 6 months	72.50%
1958	66 and 8 months	71.70%
1959	66 and 10 months	70.80%
1960 and later	67	70.00%
Note: People who were born January 1 of any year should refer to the previous year.		

If your birth date is prior to 1938, then your full retirement age is 65. The age for full retirement is gradually increasing so that everyone born in 1960 or later will have to be age 67 to receive full Social Security benefits.

For example, a person born in 1955 would have to be 66 years and 2 months old for their full benefit and at 62 would get 74.20% of their full benefit.

**Social Security
Contact
Information**

If you pay Social Security taxes, you'll begin receiving annual statements at age 25, usually three months prior to your birthday. Review your statement carefully to ensure that your wages are being correctly reported to Social Security. If you find a discrepancy, contact the Social Security Administration to have it resolved.

For assistance and additional information, you can contact Social Security in the following ways:

- Online at www.ssa.gov
 - Call toll free (800) 772-1213, TTY for hearing and speech impaired (800) 325-0778
 - Visit your local Social Security office.
-

**Personal
Savings**

Your CalPERS pension and Social Security (if you qualify) may not be enough to support your desired lifestyle in retirement. If that's the case you can supplement your retirement income with personal savings.

Personal savings can come from a variety of sources, such as employer sponsored retirement savings plans such as a 401(k), a 457 or a 403(b) plan, Individual Retirement Accounts (both standard IRA and Roth IRA), personal savings accounts, and even less common sources such as stocks, bonds and investment properties.

Consider consulting a qualified financial planner for more information on these possible retirement income sources and how they can work together with you pension to provide your total retirement income.

**Defined
Contribution
Plans**

Defined contribution plans like a 401(k), 457 or 403(b) plan can be a very important component of your retirement savings. The key elements of a defined contribution plan are:

- The retirement benefit is determined by your contributions into the plan and the investment earnings (or losses) they produce.
- There is no guaranteed benefit.
- You decide how much to contribute into the plan and how the funds are invested. There are, however, limitations to the amount you are able to contribute annually.

State of California employees have 401(k) and 457 plans available through the State's Savings Plus program. School and Public Agency employees may participate in the CalPERS 457 plan if their employer contracts with CalPERS for that benefit; or they may offer a defined benefit plan through another source. Contact your employer to find out what plans they offer.

**Savings Plus
Contact
Information
(for State
Employees)**

Online: www.savingsplusnow.com

Phone: (855) 616-4776

Mail: Savings Plus Service Center
P.O. Box 563922
Charlotte, NC 28256

Street Address: Savings Plus
California Department of Human Resources
1515 S Street
Sacramento, CA 95811

**Advantages of
Defined
Contribution
Plans**

There are several advantages to a defined contribution plan:

- You determine how much to contribute into the plan, the contributions are not set by law as they are with a defined benefit plan.
 - Defined contribution plans usually provide a variety of investment choices which allow you to diversify and spread your investment risk over several asset classes.
 - You may be able to withdraw money from the plan for financial emergencies.
 - If you have an employer-sponsored plan, your contributions are made pre-tax, which lowers your taxable income so you save on income taxes. The money you contribute plus the investment earnings grow tax deferred until you withdraw your funds in retirement. The money you withdraw in retirement will be taxed as ordinary income based on your tax bracket at that time.
-

**Example of Tax
Savings**

Example of Tax Savings

	<u>Member A</u>	<u>Member B</u>
Monthly Salary	\$2,500.00	\$2,500.00
Before –Tax Deposit	\$ 0.00	\$ 100.00
Taxable Income	\$2,500.00	\$2,400.00
Taxes Paid	\$ 400.00	\$ 365.00
Net Pay	\$2,100.00	\$2,035.00
After tax Deposit	\$ 100.00	\$ 0.00
Take Home Pay	<u>\$2,000.00</u>	<u>\$2,035.00</u>

Both members are saving \$100, but Member B's take-home pay is \$35 more than Member A's because of the reduced taxes. In effect, it only costs Member B \$65 to invest \$100 in a tax-deferred retirement savings plan ($\$100 - \$35 = \$65$).

**Benefits of
Compounding****Benefits of Compounding**

Assumes a 7% Annual Return

	<u>Member A</u>	<u>Member B</u>
Begins Investing	30	45
Retirement Age	65	65
Invests for 15 Years (age 30 - 45)	\$5,000	\$0
Invests for 20 Years (age 45 - 65)	\$0	\$7,500
Total Invested	\$75,000	\$150,000
Total Invested + Return	\$427,495	\$318,046

This is an example of the benefits of compound interest – it's also an example of the benefits of starting early!

Member A begins investing at age 30 and invests \$5,000 a year for 15 years until she's 45. She then stops investing, but the funds she's already invested stay invested until she retires at 65.

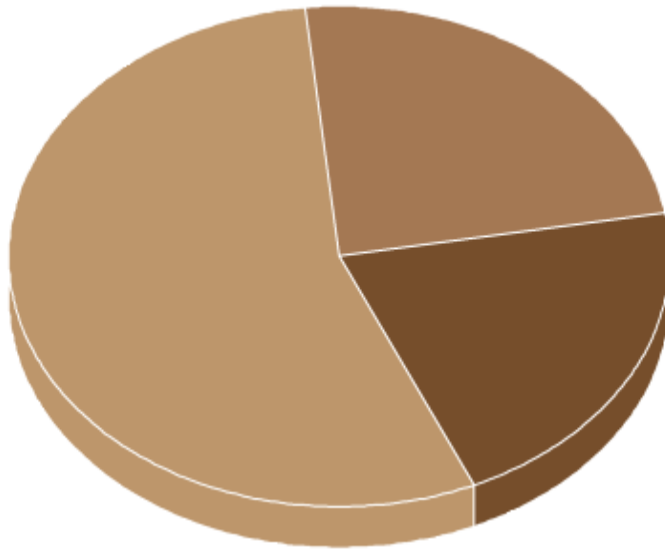
Member B doesn't begin investing until age 45. To try and make up for lost time he invests \$7,500 a year for 20 years until he retires, also at 65.

Member B invests twice as much as Member A, \$150,000 vs. \$75,000, but still ends up with less money in the end than Member A because Member A's investments were compounding so much longer.

Member A retires with \$109,449 more than Member B!

**Possible
Retirement
Income Sources**

Each of must decide the amount of income we'll need to support the lifestyle we want for retirement. If you think of your retirement income as a pie, then each piece of the pie will represent a different income source in retirement, all of which will add together to make up your total retirement income. You need to determine what percentage of your pie will be provided by your CalPERS retirement benefit, your Social Security benefit for those who qualify, tax deferred retirement savings plans, and any other savings and investments that you may have. Everyone's retirement pie will be different based on the number of pieces and the size of each piece.



What will be *your* retirement income sources?

Estate Planning

Another vital element when planning for your retirement is estate planning. Proper estate planning can ensure that the assets you have accumulated over your life will stay with you and your loved ones. CalPERS does not offer estate planning advice and we recommend that all of our members work with licensed estate planning professionals when deciding to start the estate planning process.

Alternate Retirement Program

What is the Alternate Retirement Program (ARP)?

The Alternate Retirement Program (ARP) is a mandatory defined contribution savings plan for new State hires. For the first 24 months of your employment, you make contributions into the ARP retirement savings plan in lieu of receiving retirement service credit under the CalPERS plan.

Although you do not earn retirement service credit with CalPERS during this period, you are still a CalPERS member and the time you accrue in ARP counts towards vesting for retirement, health, and dental benefits. After 24 months, you stop contributing to ARP and start making contributions to the CalPERS retirement plan.

The Public Employees' Pension Reform Act of 2013 eliminates the ARP; State employees hired on or after 7/1/2013 will not participate in the program.

ARP Participants

You are automatically enrolled in the Alternate Retirement Program if eligible. The following criteria are used to determine eligibility:

- First hired by the State on or after August 11, 2004, and
- Qualify for CalPERS membership in the State miscellaneous or State industrial category

Participants Exempt from ARP

The following membership categories are exempt from ARP participation:

- Non-State miscellaneous or industrial employees – i.e. all School and Public Agency CalPERS members
 - Employees of the California State University, University of California, or the legislative or judicial branch of State government.
 - State safety, State patrol, State police and firefighters, CHP cadets
 - Employees who are already CalPERS members through previous non-State employment, and then work for a State agency
 - Previous members of reciprocal retirement systems who join CalPERS within six months of leaving the reciprocal system
-

**ARP
Contribution
Amount**

The amount you contribute to the Alternate Retirement Program is the same as the amount you contribute under the CalPERS plan.

Your contributions are placed into a 401(a) account and are invested in a fixed-income fund.

**Key Dates of
ARP Program:
Months 1- 24**

During your first 24 months of employment, your contributions are placed in a 401(a) account managed by the Savings Plus Program at the California Department of Human Resources (CalHR).

- Although you are a CalPERS member, you will not accrue CalPERS service credit and your employer does not contribute to CalPERS on your behalf.
 - You will begin receiving an annual ARP statement from Savings Plus. You will not receive an annual member statement from CalPERS unless you have purchased prior service for which you are eligible.
-

**Key Dates of
ARP Program:
Month 25**

During month 25 of employment:

- Participation terminates in ARP and you are automatically enrolled in the CalPERS first tier retirement plan
- Contributions now go into the CalPERS plan and you start accruing CalPERS service credit
- Your employer starts making contributions to CalPERS
- Your ARP funds remain in the Savings Plus Program account with CalHR
- You will begin receiving an annual member statement from CalPERS

During months 27 to 46 no events occur

**Key Dates of
ARP Program:
Months 47 - 49**

During months 47 to 49 of employment:

- You can elect to transfer your ARP funds to CalPERS and convert your eligible ARP service to CalPERS service credit. If you do, there is no cost other than transfer of the ARP contributions you have already made.
- If you do not transfer funds to CalPERS by the end of the 49th month, the money is automatically transferred to a 401(k) account with the Savings Plus Program.

After month 49:

- You can elect to purchase the service credit for ARP time you did not convert but you must pay both the member and employer cost to do so.

ARP Election

Prior to the first day of the 47-month anniversary of your membership date, DPA will send you an election form. You will have three options:

- Transfer your ARP funds to CalPERS to earn service credit
- Receive a one-time distribution of your funds
- Transfer your funds to a 401(k) account with the Savings Plus Program

This election period ends on the last day of the 49-month anniversary of your membership date. If you do not elect to transfer or distribute your funds by the end of the 49th month, your funds are automatically transferred to a 401(k) account with the Savings Plus Program.

Service Credit

Service Credit Service credit generally represents the amount of time you have worked for a CalPERS-covered employer. It is one of three factors used in calculating your retirement pension. Generally, the more service credit you have at retirement, the higher your retirement benefit will be.

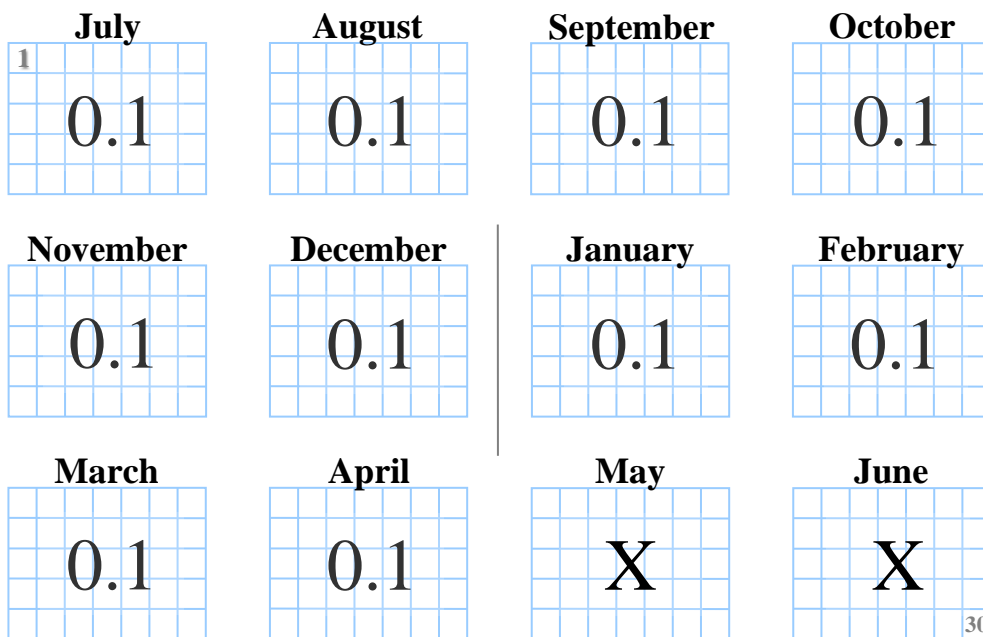
How Service Credit Is Earned You earn service credit for work reported to CalPERS by a CalPERS-covered employer. It accumulates on a fiscal year basis from July 1 through June 30.

For full time employees, for each full time month you work, you earn 1/10 of a year of service credit, so you only have to work 10 months of full-time employment during a fiscal year to earn one full year of service credit (see the following examples).

Service is prorated for hourly employees, for you 1,720 hours is equal to one year of service credit, anything less is credited as a partial year.

Service Credit Calendar Examples

Service Credit
over a Full
Fiscal Year



Total = 1.0 year

Here is an example of service credit earned over a full fiscal year.

July first is the beginning of the fiscal year, so if you work full time through the whole month of July you'll earn one tenth (0.1) of a year of service credit.

Continue working full time for the rest of the fiscal year and you'll earn one tenth of a year of service credit for each month worked until you have worked through the month of April, after which you will have worked ten months full time and earned one year of service credit.

Notice that you do not earn any additional service credit during May and June because you can't earn more than one year of service credit in a fiscal year.

Figure 1 displays a 2x4 grid of monthly calendars, each represented by a 5x6 grid of cells. The months are labeled at the top of each grid: July, August, September, October (top row) and November, December, January, February (top row), March, April, May, June (bottom row). A vertical line separates the first four months from the last four. The number of days in each month is indicated by a large number in the center of the grid: July (1), August (0.1), September (0.1), October (0.1), November (0.05), December (0.1), January (0.1), February (0.1), March (0.1), April (0.1), May (0.1), and June (0.1). The total number of days is 0.750 year.

With a start date halfway through November you would earn .05 years of service credit for working full time for half the month. Continue working full time for the rest of the fiscal year and you earn one tenth of a year for each full time month until you get to the end of the fiscal year June 30 when you'll finish with three quarters (0.75) of a year of service credit.

Notice in this example you continue to earn service credit in May and June because you have not yet earned a full year of service credit.

Enhance Your Retirement

CalPERS offers a variety of service credit purchase options. Three of the most requested service credit purchase types are:

- Redeposit of withdrawn contributions
- Service prior to membership
- Military service credit

Redeposit of Withdrawn Contributions

If you worked for a CalPERS employer in the past, separated from that employer and withdrew your money, you may have a right to redeposit those funds, plus interest, once you return to work as a CalPERS member and buy that time back.

Service Prior to Membership

If you worked for a CalPERS employer but didn't work enough hours to qualify for membership, such as working in a permanent/intermittent, part-time, temporary, on-call, or seasonal position, then you didn't earn service credit during that employment.

Now that you're a CalPERS member, you may be eligible to purchase that time. This is called service prior to membership, and it's a common way for members to increase their service credit. The cost is based on your salary and contribution rate when you first became a CalPERS member, plus accrued interest.

Military Service Credit

You may also be able to turn time you spent in active duty military service prior to CalPERS membership into additional service credit. All State and School employees may purchase military service credit, public agency employees can if their employer contracts for this benefit.

There are very specific eligibility requirements for purchasing military service credit, and if you are eligible you can purchase a maximum of 4 years.

The cost of military service credit is based on your actuarial lifetime. This means you pay the full present value cost of the projected benefit based on your current age, retirement formula and current base pay rate. The employer does not contribute toward the cost of this benefit.

Other Types of Service Credit

Other types of service credit available for purchase are: Peace Corps, AmeriCorps*VISTA, or AmeriCorps, Leave of Absence, Layoff, Prior Service and CETA.

Information on these service credit types may be found on the CalPERS Web site or in the *CalPERS Service Credit Purchase Options booklet*.

Note: Due to the Public Employees' Pension Reform Act of 2013(PEPRA), Additional Retirement Service Credit was eliminated as a service credit option. Any costing requests for ARSC received by CalPERS after December 31, 2012 will not be processed.

Service Credit Purchases and Social Security

A CalPERS service credit purchase could be treated by the Social Security Administration as time that is uncoordinated with Social Security. This situation could cause a member to be subject to the Social Security Windfall Elimination Provision. CalPERS cannot advise or determine if a member will be subject to this provision. Please contact the Social Security Administration at 800-772-1213 if you have any questions regarding this possibility.

The Service Credit Purchase Process

How to Purchase Service Credit

- Use the Service Credit Cost Estimator on our Web site to calculate an estimated cost for purchasing your service credit.
 - Complete and submit a request form (available on the CalPERS Web site). The forms for Service Prior to Membership, Redeposit and Military time are only available if you first run a cost estimate. All requests are processed in the order they are received. Your cost will be calculated based on your information the day we receive your request, not on the day we process it.
 - CalPERS will determine your actual cost and provide payment option information with your election package. The package contains all the forms and instructions for making the purchase. The election package is only valid for 60 days.
 - Return the completed election form with payment (if applicable) to CalPERS for processing.
-

How Additional Service Credit Can Benefit You

The purchase of service credit will increase your service credit balance which can increase your pension at retirement. Only you can decide if the increase to your future retirement benefit is worth the cost. Use our online Retirement Estimate Calculator on the CalPERS Web site to see how additional service credit may affect your benefits. You may need to consult a financial planning expert to help you with this decision.

Payment Options

There are three ways to pay for a service credit purchase:

- All at once with a lump sum
- Installment payments for up to 15 years
- A partial lump sum payment with installment payments on the balance.

If your employer has an agreement with CalPERS to allow it, you can make the installment payments as pre-tax deductions from your active payroll. Pre-tax payments can't continue into retirement, however, so they are automatically converted to after tax payments when you retire.

In many cases, you can use funds from a qualified tax-deferred plan, such as a 457, 401(k), 403(b), or IRA, to pay for your service credit purchase

Second Tier Conversion for State Members

State Membership Types

There are two types of CalPERS membership for State miscellaneous and industrial employees, First Tier and Second Tier.

First Tier members:

- Are eligible for retirement at age 50 with 5 years of service credit
- Make CalPERS member contributions while they work in addition to their employer's contributions
- At retirement have a higher benefit factor used in their pension calculation

You were placed in first tier if you were:

- First hired by the State prior to January 1, 1985
- First hired by the State after January 1, 2000 (Senate Bill 400)
- Enrolled as Second Tier when hired but elected to convert to First Tier after January 1, 2000 – SB400 allowed members who were actively employed in State service on or after January 1, 2000 the opportunity to elect first tier future benefits (2% @ 55 formula), and convert past Second Tier service to First Tier.

Second Tier members:

- Are eligible to retire at age 55 with 10 years of service credit
- Do not make any contributions to CalPERS; only their employer contributes
- Have a lower benefit factor used in their pension calculation

You were placed in Second Tier if you were:

- First hired by the State on or after January 1, 1985, but before January 1, 2000
- Enrolled as First Tier but elected to convert to Second Tier

Conversion Options and Cost

There are two election choices available to you in the Tier Conversion Election Package, Future Service only and Past and Future Service:

Future service only:

- You pay regular monthly retirement contributions
- Your past service remains under the Second Tier formula

Past and future service:

- You pay regular monthly retirement contributions
- You are responsible for repayment of member contributions plus interest for the amount of time you were a Second Tier member

**Second Tier
Conversion
Options and
Cost,
Continued**

When you convert to First Tier from Second Tier you must pay to CalPERS the amount that you would have contributed to CalPERS if you were in First Tier your whole career.

The cost is based on the contributions you would have paid had you been a First Tier member from the date of your CalPERS membership plus the interest those contributions would have earned. The interest rate is 6%.

All standard service credit payment options apply to Second Tier Conversion. An additional payment option known as Actuarial Equivalent Reduction (AER) is also available.

AER allows you to convert your Second Tier time without making payments at the time of your election. Instead, in lieu of payments you elect to receive a permanent reduction to your monthly retirement benefit.

The reduction is based on the amount owed at retirement and your life expectancy at the time of your retirement calculation.

**First Tier vs.
Second Tier**

	<u>Years of Service</u>		<u>Benefit Factor</u>	=	<u>% of Final Compensation</u>	×	<u>Final Compensation</u>	=	<u>Unmodified Allowance</u>
Sally: (First Tier)	25	×	2.00%	=	50.00%	×	\$2,866.67	=	\$1,433.33
Sandy: (Second Tier)	25	×	0.75%	=	18.75%	×	\$3,000.00	=	\$ 562.50

Here is an example of a First Tier pension compared with a Second Tier pension.

Sally and Sandy Sample are twin sisters. They are both state employees who will have 25 years of service when they retire on their 55th birthday, and they have the exact same pay rate (note that even though their pay rates are identical, Sally has a slightly lower final compensation than Sandy. This is because State First Tier members do not pay contributions into CalPERS on the full amount of their earnings, so their final compensation is adjusted. Second Tier members do not contribute to CalPERS, so they have no adjustment to their final compensation. You'll learn more about how and why this happens in the *Final Compensation Adjustment* chapter later in the book).

The only difference between the two pensions is Sally has always been in First Tier (with a 2 @ 55 retirement formula), while Sandy spent her entire career in Second Tier.

Comparing their pensions we see that Sally will have a pension of \$1,433.33 a month, while Sandy will get \$562.50 a month. The difference is \$870.83 a month every month for the rest of their lives.

You can see from this example that the State First Tier provides significantly higher benefits than the State Second Tier.

**Requesting a
Tier Conversion
Package**

Your Second Tier Conversion Election Package contains personalized information on benefits, cost, and payment options. Also included in your package are the election forms to complete your tier conversion.

When requesting to convert from Second Tier to First Tier, please be aware that:

- You must convert to First Tier prior to retirement
- A tier conversion election is irrevocable

Request a Second Tier Conversion Election Package by:

- Calling CalPERS at **888 CalPERS** (or **888- 225-7377**)
- Submitting an e-mail using the Ask CalPERS feature on our Web site

The Tier Conversion Election Package is not available to download online.

Sick Leave

Converting Sick Leave to Service Credit

Accrued sick leave can be converted to service credit at the time of your retirement.

Sick leave service credit does not change your age at retirement or your effective retirement date. It simply increases the amount of service credit used in determining your retirement benefit.

Eligibility

The ability to convert sick leave to service credit is available to all State and School members. Public Agency employers must contract for this benefit for their members.

To qualify, your effective retirement date must be within 120 days of your separation from employment.

Unused Vacation or Other Leave Time

Vacation and other types of leave time cannot be converted to service credit.

If you have unused vacation or other leave you can either receive a lump sum payout or use the time before you retire. You may be able to roll a lump sum payout into your deferred compensation plan, ask your employer if they allow this option.

You should contact your personnel office about policies on when and how your leave time can be used.

Calculating Sick Leave

We use *years* of service credit in the pension calculation, so you need to know how to convert your sick leave balance into years. To calculate sick leave credit follow the steps below:

1. Determine the amount of sick leave hours you have at retirement
2. Divide your sick leave hours by 8 to get your days of sick leave
3. Multiply your sick leave days by .004 to find your years of service credit

Example:

2000 hours \div 8 = 250 days of sick leave

250 days \times .004 = 1 year of service credit

Reporting Sick Leave

It is no longer necessary to have your unused sick leave certified on your retirement application. Your employer will automatically report your unused sick leave to CalPERS during the processing of your retirement application.

There is no minimum or maximum amount of sick leave that can be converted to service credit, whatever amount is certified by your employer will be added to your pension calculation.

Retirement Formulas and Benefit Factors

Retirement Formulas and Benefit Factors

Your retirement formula is determined by your employer's contract with CalPERS. Your retirement formula and your age determine what benefit factor is used in the calculation of your retirement benefit.

The benefit factor determines the percentage of your final compensation you will receive for each year of service credit in your account.

Contact your employer or CalPERS to determine your retirement formula.

Birthday Quarters

Your benefit factor increases with your retirement age, up to the maximum age under the formula. Once you reach the formula's maximum age, your benefit factor will no longer increase. You can, however, still increase your pension if you increase your service credit or final compensation even if your benefit factor has reached its maximum.

Your benefit factor will increase with each quarter year of age, or every three months, based on your birthday. This means there are four dates during the year when your benefit factor will increase.

For example, if your birthday is March 10, your birthday quarters are:

- March 10 – your birthday is the first birthday quarter
- June 10 – $\frac{1}{4}$ year
- September 10 – $\frac{1}{2}$ year
- December 10 – $\frac{3}{4}$ year

You must retire on or after your birthday quarter to receive the increased factor. You may want to choose a retirement date on or shortly after one of your birthday quarters to help maximize your benefit factor.

Note: Birthday quarters do not apply to safety members working under the State or Local 3% @ 50 retirement formulas because their benefit factor is fixed at 3% and therefore not dependent on their age at retirement.

**Example Factor
Chart**

State & Schools 2% @ 55

	Birthday 3/10	6/10	9/10	12/10
Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.100%	1.146%	1.190%	1.236%
51	1.280%	1.326%	1.370%	1.416%
52	1.460%	1.506%	1.550%	1.596%
53	1.640%	1.686%	1.730%	1.776%
54	1.820%	1.866%	1.910%	1.956%
55	2.000%	2.016%	2.032%	2.048%
56	2.064%	2.080%	2.096%	2.110%
57	2.126%	2.142%	2.158%	2.172%
58	2.188%	2.204%	2.220%	2.236%
59	2.250%	2.268%	2.282%	2.298%
60	2.314%	2.330%	2.346%	2.360%
61	2.376%	2.392%	2.406%	2.422%
62	2.438%	2.454%	2.470%	2.486%
63+	2.500%	2.500%	2.500%	2.500%

This is an example using the State & Schools 2% @ 55 formula chart of how to determine what your benefit factor will be for a given retirement date.

From the previous example, we'll use a member with a birthday of March 10, and we've listed the birthday quarters 3/10, 6/10, 9/10, and 12/10 at the top of the chart.

We'll assume this member wants to retire when she's 55½ years old, so her retirement date will be six months after her birthday which is September 10. Find the age 55 row on the chart and follow it over until it intersects the ½ year column, and we see that the benefit factor for retiring at age 55½ under this formula is 2.032%.

Note that you have to retire on or after your birthday quarter date to get the higher percentage. If this member were to retire on September 9, missing the ½ year quarter by just one day, she would earn the 55¼ year factor of 2.016%.

**Retirement
Formula
Charts**

On the following pages are charts of the formulas currently in use for all State, School and Public Agency employers.

**State Member
Retirement
Formulas**

State Miscellaneous & Industrial 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.100%	1.146%	1.190%	1.236%
51	1.280%	1.326%	1.370%	1.416%
52	1.460%	1.506%	1.550%	1.596%
53	1.640%	1.686%	1.730%	1.776%
54	1.820%	1.866%	1.910%	1.956%
55	2.000%	2.016%	2.032%	2.048%
56	2.064%	2.080%	2.096%	2.110%
57	2.126%	2.142%	2.158%	2.172%
58	2.188%	2.204%	2.220%	2.236%
59	2.250%	2.268%	2.282%	2.298%
60	2.314%	2.330%	2.346%	2.360%
61	2.376%	2.392%	2.406%	2.422%
62	2.438%	2.454%	2.470%	2.486%
63 & over	2.500%	2.500%	2.500%	2.500%

This formula is the same as the Schools 2% @ 55 formula.

State Miscellaneous & Industrial 1.25% @ 65

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	0.5000%	0.5125%	0.5250%	0.5375%
51	0.5500%	0.5625%	0.5750%	0.5875%
52	0.6000%	0.6125%	0.6250%	0.6375%
53	0.6500%	0.6625%	0.6750%	0.6875%
54	0.7000%	0.7125%	0.7250%	0.7375%
55	0.7500%	0.7625%	0.7750%	0.7875%
56	0.8000%	0.8125%	0.8250%	0.8375%
57	0.8500%	0.8625%	0.8750%	0.8875%
58	0.9000%	0.9125%	0.9250%	0.9375%
59	0.9500%	0.9625%	0.9750%	0.9875%
60	1.0000%	1.0125%	1.0250%	1.0375%
61	1.0500%	1.0625%	1.0750%	1.0875%
62	1.1000%	1.1125%	1.1250%	1.1375%
63	1.1500%	1.1625%	1.1750%	1.1875%
64	1.2000%	1.2125%	1.2250%	1.2375%
65 & over	1.2500%	1.2500%	1.2500%	1.2500%

State Miscellaneous & Industrial 2% @ 60

Age	Exact Year	$\frac{1}{4}$ Year	$\frac{1}{2}$ Year	$\frac{3}{4}$ Year
50	1.092%	1.108%	1.124%	1.140%
51	1.156%	1.172%	1.190%	1.206%
52	1.224%	1.242%	1.260%	1.278%
53	1.296%	1.316%	1.336%	1.356%
54	1.376%	1.396%	1.418%	1.438%
55	1.460%	1.482%	1.506%	1.528%
56	1.552%	1.576%	1.600%	1.626%
57	1.650%	1.678%	1.704%	1.730%
58	1.758%	1.786%	1.816%	1.846%
59	1.874%	1.906%	1.938%	1.970%
60	2.000%	2.034%	2.068%	2.100%
61	2.134%	2.168%	2.202%	2.238%
62	2.272%	2.308%	2.346%	2.382%
63 & over	2.418%	2.418%	2.418%	2.418%

State Safety
Formulas

State Safety 2% @ 50

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.035%	2.070%	2.105%
51	2.140%	2.175%	2.210%	2.245%
52	2.280%	2.315%	2.350%	2.385%
53	2.420%	2.455%	2.490%	2.525%
54	2.560%	2.595%	2.630%	2.665%
55 & over	2.700%	2.700%	2.700%	2.700%

This formula has a **90%** cap

State Safety 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55 & over	2.000%	2.000%	2.000%	2.000%

This formula has a **90%** cap

State Safety 2.5% @ 55 *Peace Officer Firefighter*

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.025%	2.050%	2.075%
51	2.100%	2.125%	2.150%	2.175%
52	2.200%	2.225%	2.250%	2.275%
53	2.300%	2.325%	2.350%	2.375%
54	2.400%	2.425%	2.450%	2.475%
55 & over	2.500%	2.500%	2.500%	2.500%

This formula has a **90%** cap

State Safety 2.5% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.700%	1.725%	1.750%	1.775%
51	1.800%	1.825%	1.850%	1.875%
52	1.900%	1.925%	1.950%	1.975%
53	2.000%	2.064%	2.126%	2.188%
54	2.250%	2.314%	2.376%	2.438%
55 & over	2.500%	2.500%	2.500%	2.500%

This formula has an **80% cap**

State Safety 2.5% @ 60

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.025%	2.050%	2.075%
56	2.100%	2.125%	2.150%	2.175%
57	2.200%	2.225%	2.250%	2.275%
58	2.300%	2.325%	2.350%	2.375%
59	2.400%	2.425%	2.450%	2.475%
60 & over	2.500%	2.500%	2.500%	2.500%

This formula has an **80% cap**

Continued on next page

State Safety 3% @ 50

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50 & over	3.000%	3.000%	3.000%	3.000%

This formula has a **90%** cap

State Safety 3% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.400%	2.430%	2.460%	2.490%
51	2.520%	2.550%	2.580%	2.610%
52	2.640%	2.670%	2.700%	2.730%
53	2.760%	2.790%	2.820%	2.850%
54	2.880%	2.910%	2.940%	2.970%
55 & over	3.000%	3.000%	3.000%	3.000%

This formula has a **90%** cap

**School Member
Retirement
Formula**

Schools 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.100%	1.146%	1.190%	1.236%
51	1.280%	1.326%	1.370%	1.416%
52	1.460%	1.506%	1.550%	1.596%
53	1.640%	1.686%	1.730%	1.776%
54	1.820%	1.866%	1.910%	1.956%
55	2.000%	2.016%	2.032%	2.048%
56	2.064%	2.080%	2.096%	2.110%
57	2.126%	2.142%	2.158%	2.172%
58	2.188%	2.204%	2.220%	2.236%
59	2.250%	2.268%	2.282%	2.298%
60	2.314%	2.330%	2.346%	2.360%
61	2.376%	2.392%	2.406%	2.422%
62	2.438%	2.454%	2.470%	2.486%
63 & over	2.500%	2.500%	2.500%	2.500%

This formula is the same as the State Miscellaneous 2% @ 55 formula.

**Local
Miscellaneous
Retirement
Formulas**

Local Miscellaneous 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55	2.000%	2.014%	2.026%	2.040%
56	2.052%	2.066%	2.078%	2.092%
57	2.104%	2.118%	2.130%	2.144%
58	2.156%	2.170%	2.182%	2.196%
59	2.210%	2.222%	2.236%	2.248%
60	2.262%	2.274%	2.288%	2.300%
61	2.314%	2.326%	2.340%	2.352%
62	2.366%	2.378%	2.392%	2.404%
63 & over	2.418%	2.418%	2.418%	2.418%

The Local Miscellaneous 2% @ 55 formula is **not** the same as the State and Schools 2% @ 55 formula.

**Local
Miscellaneous
Retirement
Formulas,
Continued**

Local Miscellaneous 2% @ 60

Age	Exact Year	$\frac{1}{4}$ Year	$\frac{1}{2}$ Year	$\frac{3}{4}$ Year
50	1.092%	1.108%	1.124%	1.140%
51	1.156%	1.172%	1.190%	1.206%
52	1.224%	1.242%	1.260%	1.278%
53	1.296%	1.316%	1.336%	1.356%
54	1.376%	1.396%	1.418%	1.438%
55	1.460%	1.482%	1.506%	1.528%
56	1.552%	1.576%	1.600%	1.626%
57	1.650%	1.678%	1.704%	1.730%
58	1.758%	1.786%	1.816%	1.846%
59	1.874%	1.906%	1.938%	1.970%
60	2.000%	2.034%	2.068%	2.100%
61	2.134%	2.168%	2.202%	2.238%
62	2.272%	2.308%	2.346%	2.382%
63 & over	2.418%	2.418%	2.418%	2.418%

Local Miscellaneous 2.5% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.025%	2.050%	2.075%
51	2.100%	2.125%	2.150%	2.175%
52	2.200%	2.225%	2.250%	2.275%
53	2.300%	2.325%	2.350%	2.375%
54	2.400%	2.425%	2.450%	2.475%
55 & over	2.500%	2.500%	2.500%	2.500%

Local Miscellaneous 2.7% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.035%	2.070%	2.105%
51	2.140%	2.175%	2.210%	2.245%
52	2.280%	2.315%	2.350%	2.385%
53	2.420%	2.455%	2.490%	2.525%
54	2.560%	2.595%	2.630%	2.665%
55 & over	2.700%	2.700%	2.700%	2.700%

Local
Miscellaneous
Retirement
Formulas
Continued

Local Miscellaneous 3% @ 60

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.025%	2.050%	2.075%
51	2.100%	2.125%	2.150%	2.175%
52	2.200%	2.225%	2.250%	2.275%
53	2.300%	2.325%	2.350%	2.375%
54	2.400%	2.425%	2.450%	2.475%
55	2.500%	2.525%	2.550%	2.575%
56	2.600%	2.625%	2.650%	2.675%
57	2.700%	2.725%	2.750%	2.775%
58	2.800%	2.825%	2.850%	2.875%
59	2.900%	2.925%	2.950%	2.975%
60 & over	3.000%	3.000%	3.000%	3.000%

**Local Safety
Retirement
Formulas**

Local Safety 2% @ 50

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.035%	2.070%	2.105%
51	2.140%	2.175%	2.210%	2.245%
52	2.280%	2.315%	2.350%	2.385%
53	2.420%	2.455%	2.490%	2.525%
54	2.560%	2.595%	2.630%	2.665%
55 & over	2.700%	2.700%	2.700%	2.700%

This formula has a **90%** cap

Local Safety 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.426%	1.450%	1.474%	1.498%
51	1.522%	1.550%	1.576%	1.602%
52	1.628%	1.656%	1.686%	1.714%
53	1.742%	1.772%	1.804%	1.834%
54	1.866%	1.900%	1.932%	1.966%
55 & over	2.000%	2.000%	2.000%	2.000%

This formula has a **90%** cap

Local Safety 2.5% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.025%	2.050%	2.075%
51	2.100%	2.125%	2.150%	2.175%
52	2.200%	2.225%	2.250%	2.275%
53	2.300%	2.325%	2.350%	2.375%
54	2.400%	2.425%	2.450%	2.475%
55 & over	2.500%	2.500%	2.500%	2.500%

This formula has a **90%** cap

Local Safety 3% @ 50

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50 & over	3.000%	3.000%	3.000%	3.000%

This formula has a **90%** cap

Local Safety 3% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.400%	2.430%	2.460%	2.490%
51	2.520%	2.550%	2.580%	2.610%
52	2.640%	2.670%	2.700%	2.730%
53	2.760%	2.790%	2.820%	2.850%
54	2.880%	2.910%	2.940%	2.970%
55 & over	3.000%	3.000%	3.000%	3.000%

This formula has a **90%** cap

New Member Retirement Formulas

PEPRA mandates new formulas for **new members***.

*New Member Definition

A new member is defined in PEPRA as any of the following:

- A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who has no prior membership in any California public retirement system.
- A new hire who is brought into CalPERS membership for the first time on or after January 1, 2013, and who is not eligible for reciprocity with another California public retirement system.
- A member who first established CalPERS membership prior to January 1, 2013, and who is rehired by a *different* CalPERS employer after a break in service of greater than six months.
 - All State agencies, including California State University (CSU) are considered a single employer
 - All California Schools are considered a single employer

Note: CalPERS refers to all members that do not fit within the definition of a new member as “classic members”.

Classic Member Miscellaneous Formula	New Member Miscellaneous Formula
1.5% @ 65	1.5% @ 65 (retains existing formula)
1.25% @ 65	1.25% @ 67
All others	2% @ 62

Classic Member Safety Formula	New Member Safety Formula
3% @ 50, 3% @ 55, 2% @ 50	2.7% @ 57
2.5% @ 55	2.5% @ 57
2% @ 55, 2.5% @ 60	2% @ 57

**New Formulas
Due to Pension
Reform**

Effective January 1, 2013, all **new members**, whether State, School or Public Agency, will be placed in one of the following new benefit formulas.

**New Member
Miscellaneous
Formulas**

Miscellaneous 2% @ 62

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
52	1.000%	1.025%	1.050%	1.075%
53	1.100%	1.125%	1.150%	1.175%
54	1.200%	1.225%	1.250%	1.275%
55	1.300%	1.325%	1.350%	1.375%
56	1.400%	1.425%	1.450%	1.475%
57	1.500%	1.525%	1.550%	1.575%
58	1.600%	1.625%	1.650%	1.675%
59	1.700%	1.725%	1.750%	1.775%
60	1.800%	1.825%	1.850%	1.875%
61	1.900%	1.925%	1.950%	1.975%
62	2.000%	2.025%	2.050%	2.075%
63	2.100%	2.125%	2.150%	2.175%
64	2.200%	2.225%	2.250%	2.275%
65	2.300%	2.325%	2.350%	2.375%
66	2.400%	2.425%	2.450%	2.475%
67 or older	2.500%	2.500%	2.500%	2.500%

New Member
Miscellaneous
Formulas,
Continued

Miscellaneous 1.25% @ 67

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
52	0.650%	0.660%	0.670%	0.680%
53	0.690%	0.700%	0.710%	0.720%
54	0.730%	0.740%	0.750%	0.760%
55	0.770%	0.780%	0.790%	0.800%
56	0.810%	0.820%	0.830%	0.840%
57	0.850%	0.860%	0.870%	0.880%
58	0.890%	0.900%	0.910%	0.920%
59	0.930%	0.940%	0.950%	0.960%
60	0.970%	0.980%	0.990%	1.000%
61	1.010%	1.020%	1.030%	1.040%
62	1.050%	1.060%	1.070%	1.080%
63	1.090%	1.100%	1.110%	1.120%
64	1.130%	1.140%	1.150%	1.160%
65	1.170%	1.180%	1.190%	1.200%
66	1.210%	1.220%	1.230%	1.240%
67 & over	1.250%	1.250%	1.250%	1.250%

New Safety
Formulas

Safety 2 % @ 57

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.426%	1.447%	1.467%	1.488%
51	1.508%	1.529%	1.549%	1.570%
52	1.590%	1.611%	1.631%	1.652%
53	1.672%	1.693%	1.713%	1.734%
54	1.754%	1.775%	1.795%	1.816%
55	1.836%	1.857%	1.877%	1.898%
56	1.918%	1.939%	1.959%	1.980%
57 & over	2.000%	2.000%	2.000%	2.000%

Safety 2.5 % @ 57

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.018%	2.036%	2.054%
51	2.071%	2.089%	2.107%	2.125%
52	2.143%	2.161%	2.179%	2.196%
53	2.214%	2.232%	2.250%	2.268%
54	2.286%	2.304%	2.321%	2.339%
55	2.357%	2.375%	2.393%	2.411%
56	2.429%	2.446%	2.464%	2.482%
57 & over	2.500%	2.500%	2.500%	2.500%

Safety 2.7 % @ 57

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	2.000%	2.025%	2.050%	2.075%
51	2.100%	2.125%	2.150%	2.175%
52	2.200%	2.225%	2.250%	2.275%
53	2.300%	2.325%	2.350%	2.375%
54	2.400%	2.425%	2.450%	2.475%
55	2.500%	2.525%	2.550%	2.575%
56	2.600%	2.625%	2.650%	2.675%
57 & over	2.700%	2.700%	2.700%	2.700%

Final Compensation

What is Compensation?

Before we discuss Final Compensation, we need to define what compensation is. Compensation is payment to employees for service performed during normal work hours, or for time during which the employee is using vacation, sick leave or other types of paid time off.

Your employer reports your full time monthly base pay rate to CalPERS; this is what is used to calculate your final compensation. Your base pay rate may include items of special compensation that can be reported in addition to your base pay rate.

Special Compensation

Special compensation is payment to employees for service performed during normal work hours for:

- Special skills
- Knowledge
- Abilities
- Work assignments

Contact your employer to find out if any special compensation is being reported for you.

Examples of special compensation are (but are not limited to):

- Holiday pay
- Longevity pay

Overtime is not reportable as special compensation.

Pay Rate Calculation

CalPERS uses your full time monthly base pay rate to calculate final compensation, so if you are paid hourly or bi-weekly you'll need to convert your pay rate to a monthly rate to figure your final compensation.

To turn an hourly pay rate into a monthly pay rate, multiply the hourly rate by 173.33. For example: \$19.50/hour x 173.33 = \$3,379.94 per month.

Continued on next page

**What is
Compensation?**
(continued)

(So where does the number 173.33 come from? There are 40 hours in a work week, and 52 weeks in a year, so $40 \times 52 = 2080$ hours in the average work year. Divide 2080 hours by 12 months in a year and you get 173.33 hours in the average work month.)

To convert a bi-weekly pay rate into a monthly pay rate, multiply the bi-weekly pay rate by 2.1667. For example: $\$1690 \times 2.1667 = \3661.72 .

(So where does the number 2.1667 come from? Divide the 52 weeks in a year by two to get 26 pay periods for the year. Then divide 26 by twelve months in a year to get 2.1667.)

**Final
Compensation
Calculation**

Your final compensation calculation is based on a continuous 12 or 36 month average of your highest full time base pay rate, it not based on your earnings.

For instance, if you were working half time in a job where the full time pay rate is \$3,000 per month, you'd only be earning \$1,500 a month because you're working half time. Your employer will report the full time rate of \$3,000 per month to CalPERS, and that is what we will use to calculate your final compensation. The way we account for the fact you are a half time employee is that you would only earn service credit on a half time basis.

Safety members have a cap on the percentage of final compensation they can earn on their pensions, which is usually 90 percent (some State safety members in non-patrol/fire positions have an 80 percent cap). Miscellaneous and industrial members have no limit on the percentage of final compensation they can earn.

**Final
Compensation
Period**

The final compensation is calculated by a continuous 12 or 36 month average of your highest base pay rate. The period is determined by your employer's contract.

CalPERS will automatically use the highest 12 or 36 months to calculate your final compensation.

School employees hired prior to 01/01/2013 have a 12 month final compensation period.

State and Public Agency employees hired before 01/01/2013 can have either a 12 or 36 month final compensation period depending on their contract.

PEPRA requires all new State, School and Public Agency employees hired on or after January 1, 2013 to have a 36 month final compensation period.

12-Month Final Compensation Example

Here is an example of how a 12 month final compensation is calculated:

12-Month Final Compensation Calculation

Example using retirement date 11/01/2013

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2012	4/30/2013	\$2,900	× 6 =	\$17,400	
5/1/2013	10/31/2013	\$3,100	× 6 =	\$18,600	
			12	\$36,000	÷ 12 = \$3,000.00

This example uses a retirement date of 11/01/2013. To calculate the final compensation, go back a year prior to the retirement date to start the process.

For the first six months the base pay rate was \$2,900 per month. The member then receives a pay increase, so for the second half of the twelve month period the pay rate is \$3,100 per month.

Multiplying \$2,900 per month by six months and \$3,100 per month by six months give a total for the year of \$36,000. Divide that total by 12 months and the result is a final compensation average of \$3,000 per month which would be used to calculate this member's pension.

Looking at this example, you can see a way this member could increase their final compensation amount. If they were to work another six months at the higher \$3,100 pay rate, they would increase their final compensation average to \$3,100.

12-Month Final Compensation Example for 10-month School Members

Here is an example of how a 12 month final compensation is calculated for a school employee who only works 10 months in a year.

12-Month Final Compensation Calculation (Schools)

Example calculation using retirement date 11/01/2013

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2012	6/30/2012	\$2,900	x 8 =	\$23,200	
07/1/2012	08/31/2013		x 2 =	0	
9/1/2013	10/31/2013	\$3,100	x 2 =	\$6,200	
			12	\$29,400	÷ 12 = \$2,450.00

The process for calculating a 12 month final compensation for a school employee who only works ten months out of the year is the same as in the previous example. However, because the ten month total is still divided by twelve months, the final compensation average is reduced.

36-Month Final Compensation Example

Here is a 36 month final compensation calculation:

36-Month Final Compensation Calculation

Example using retirement date 11/01/2013

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2010	10/31/2011	\$2,800	x 12 =	\$33,600	
11/1/2011	10/31/2012	\$3,000	x 12 =	\$36,000	
11/1/2012	10/31/2013	\$3,200	x 12 =	\$38,400	
			36	\$108,000	÷ 36 = \$3,000.00

Retirement Calculation

Example Calculation

The pension formula made up of the three factors:

$$\text{Service Credit} \times \text{Benefit Factor} \times \text{Final Comp} = \text{Unmodified Allowance}$$

Here is an example of how the unmodified allowance retirement benefit is calculated. We're going to use as an example a member working under the State & Schools 2% @ 55 formula with 25 years of service credit at retirement. They're retiring on their 55th birthday, which gives them a 2% benefit factor (see the chart on page 34). Their adjusted final compensation average is \$2866.67 a month.

The first thing we do is multiply the years of service credit by the benefit factor, which gives the percentage of final compensation:

$$25 \text{ years of service credit} \times 2\% \text{ benefit factor} = 50\% \text{ of final compensation}$$

We then multiply the percentage of final compensation by the final compensation average to get the unmodified allowance:

$$50\% \times \$2866.67 \text{ final compensation} = \$1433.33 \text{ unmodified allowance}$$

The unmodified allowance is the highest amount payable to a CalPERS member upon their retirement.

Let's see how waiting another six months would affect this member's pension. Retiring at age 55 ½ would increase their benefit factor to 2.032%, their service credit would increase to 25.6 years, and we'll assume that their final compensation increased to \$2966.67.

$$25.6 \text{ years} \times 2.032\% = 52.02\% \text{ of Final Compensation,}$$

$$52.02\% \times \$2,966.67 = \$1,543.23 \text{ Unmodified Allowance}$$

By waiting another six months to retire, this member increased all three of the pension factors, which resulted in a pension increase of over 7%.

**Example
Calculations,
Continued**

Split Calculation for School Members

On January 1, 2001, a new law went into effect that changed the way we calculate the pensions of classified school employees who contribute to Social Security. For time worked prior to January 1, 2001, we make the \$133.33 adjustment to their final compensation; for time the worked after that date we do not make the \$133.33 adjustment. This results in a split calculation. There was no change for school members who do not contribute to Social Security.

Let's run through an example of what this would look like using numbers similar to those in the previous example: a member retiring at 55 years old, which gives them a 2% benefit factor, who has 25 years of service credit and an adjusted final compensation of \$2,866.67 - so the unadjusted final comp is \$3,000. Twenty of those 25 years were before January 1, 2001, so for this time period we'll use \$2,866.67 as final compensation. For the five years after January 1, 2001, we use \$3,000.00. Therefore, we have:

$$\begin{aligned} 20 \text{ years} \times 2\% (= 40\%) \times \$2,866.67 &= \$1,146.67 \\ 5 \text{ years} \times 2\% (= 10\%) \times \$3,000.00 &= \$ \underline{300.00} \\ \text{Total} &= \$1,446.67 \text{ Unmodified Allowance} \end{aligned}$$

Split Calculation for Multiple Employers

Many CalPERS members work for more than one CalPERS employer during their career, so when they retire CalPERS will do a separate calculation for each employer then add up the results to get their total pension.

We'll use as an example a member who worked for eight years for a public agency under the 2.5% @ 55 formula, and then worked for the state for 17 years under the State/Schools 2% @ 55 formula, so they'll have 25 total years of service when they retire on their 55th birthday. They didn't contribute to Social Security with the public agency, but did during their time with the State. Their unadjusted final compensation is \$3000.00, the adjusted is \$2866.67.

$$\begin{aligned} 17 \text{ years} \times 2\% (= 34\%) \times \$2,866.67 &= \$ \underline{974.67} \\ 8 \text{ years} \times 2.5\% (= 20\%) \times \$3,000.00 &= \$ \underline{600.00} \\ \text{Total} &= \$1,574.67 \text{ Unmodified Allowance} \end{aligned}$$

Power of Attorney

CalPERS Special Power of Attorney

CalPERS offers a durable special power of attorney form for use by members and beneficiaries. It is specifically designed for CalPERS retirement benefits. You may already have a durable power of attorney set up through another resource; however, it may not address your CalPERS retirement benefits.

The CalPERS durable special power of attorney form enables you to appoint another person – your attorney in fact -- to deal with CalPERS on your behalf. Depending on the level of authority you grant them on the form, this person may:

- Change your mailing address
- Sign tax withholding forms
- Submit a retirement application
- Select a retirement option
- Designate beneficiaries
- Endorse CalPERS retirement checks
- Request information regarding your account

Your CalPERS attorney in fact cannot:

- Make medical decisions on your behalf
- Exercise authority over real or personal property

Power of attorney is a complex issue. To fully understand, you should review our *Power of Attorney* publication. This publication also contains the needed *CalPERS Special Power of Attorney* form.

For more information or to download or order the *CalPERS Special Power of Attorney* form visit CalPERS On-Line at www.calpers.ca.gov., or call our toll free number **888 CalPERS** (or **888-225-7377**).

Refunds & Rollovers

Your Options If you permanently separate from your CalPERS-covered employer, you have three options regarding your funds on deposit with CalPERS:

- Leave your funds on deposit
 - Take a cash refund
 - Roll your funds over to another retirement account
-

Leave Funds on Deposit If you permanently separate from your CalPERS covered employer, your funds will automatically stay in your CalPERS account and you maintain your membership, unless you elect otherwise.

The benefits of leaving your fund on deposit with CalPERS are:

- The funds will earn a guaranteed 6% compounded interest
 - You are eligible for other CalPERS programs
 - You keep your service credit
 - You may establish reciprocity, if applicable
 - You can retire, if eligible
-

Cash Refunds If you request a cash refund, the refund check will be mailed to your address on file. The following tax withholdings will apply:

- Mandatory 20% federal tax
- Optional 2% state tax

If you are under age 59 ½ you will be liable for additional tax penalties when you file your tax return for the calendar year:

- 10% federal
 - 2 ½ % state
-

Rollovers You can elect to rollover your member contributions into a pre-tax savings plan. CalPERS will mail your check to the address on file, payable to your financial institution. In order to avoid state and federal taxes, you must deposit your check in your pre-tax account within 90 days.

**Electing a
Refund or
Rollover**

If your employer has not reported all your contributions by the time of your refund or rollover election, you will receive a second check a few months later with your remaining funds.

The *Refund/Rollover Election Package* will automatically be mailed to you once we receive notice of your permanent separation from CalPERS-covered employment. This package contains the forms and instructions necessary to elect a refund or rollover. If you are married or in a registered domestic partnership, both you and your spouse or domestic partner need to sign the form and your signature must be notarized or witnessed by an authorized CalPERS employee.

Note: Electing a refund or a rollover terminates your CalPERS membership and any rights to future benefits.

Reciprocity

What is Reciprocity?

Reciprocity is an agreement among public retirement systems in California that allows members to move from one retirement system to another, within a specified time limit, without losing retirement benefits.

Reciprocity allows:

- A person to maintain membership in each retirement system
 - Coordination of benefits between retirement systems
 - No transfer of funds or service credit between systems
-

Eligibility Requirements

In order to be eligible for reciprocity you must:

- Maintain membership in all systems
- Leave contributions on account in all systems
- Move from one retirement system to another within six months
- Retire from all retirement systems on the same day for the full benefits of reciprocity to apply.

Reciprocity does not apply to concurrent employment. Once reciprocity has been established you are no longer eligible for a refund or rollover of your contributions.

Establish Reciprocity

To establish reciprocity between CalPERS and another retirement system:

- Submit a written request to the other public retirement system
 - Complete and submit the election form in the CalPERS publication *When You Change Retirement Systems*
-

Pre-Retirement Death Benefits

Benefit Information

The survivors and beneficiaries of CalPERS members are eligible for various pre-retirement death benefits.

Benefits range from a simple return of your contributions (plus interest) to a lifetime monthly allowance.

Each member's death benefits can vary significantly, depending on circumstances, and employer contract.

Eligibility Factors

Your beneficiary's benefits will depend on your:

- Age
 - Date of separation from employment (if applicable)
 - Years of service
 - Job classification
 - Employer's contract with CalPERS
 - Eligible beneficiary
 - Retirement eligibility
-

Application Process

There are three steps your survivor or beneficiary needs to take upon your death in order to receive any benefits from CalPERS:

1. Notify CalPERS
2. Complete the claim forms contained in the package CalPERS will send you, and gather any necessary documents
3. Submit the completed claim forms and required documents to CalPERS

Additional information on pre-retirement death benefits is available in the CalPERS member booklet *Your Benefits Your Future*.

You can download the booklet from the Forms and Publications Center on the CalPERS On-Line Web site at **www.calpers.ca.gov**.

Naming Your Beneficiary Prior to Retirement

What is a Beneficiary?

A beneficiary is a person (or other benefit recipient) who is eligible to receive a benefit after your death.

You may name as your beneficiary for pre-retirement benefits:

- Any person(s)
 - Corporation
 - Trust
 - Your estate
-

Beneficiary Designation Form

The *Active Member Beneficiary Designation* form allows you to choose the person who will receive your benefits upon your death.

If you do not have a valid *Active Member Beneficiary Designation* form on file at the time of your death, we will pay benefits to your statutory beneficiary as determined by State law:

1. Spouse or registered domestic partner
 2. Children (natural or adopted)
 3. Parents
 4. Brothers and sisters
 5. Probated estate
 6. Trust, if one exists
 7. Stepchildren
 8. Grandchildren (including step-grandchildren)
 9. Nieces and nephews
 10. Great grandchildren
 11. Cousins
-

Events that Revoke Your Beneficiary Designation

If you currently have an active member beneficiary designation filed with CalPERS, be aware that certain events will revoke your existing beneficiary designation.

You must complete a new *Active Member Beneficiary Designation* form if any of the following events occur:

- Marriage or registration of domestic partnership
 - Dissolution, annulment, or termination of marriage or domestic partnership
 - Birth or adoption of a child
-

**Obtaining Your
Active Member
Beneficiary
Designation
Form**

The *Active Member Beneficiary Designation* form (PERS-BSD-241) can be obtained by:

- Contacting your personnel office
 - Downloading the form from our Web site **www.calpers.ca.gov**
 - Calling our toll free number **888 CalPERS** (or **888-225-7377**)
-

Health Benefits

Health Plan Types

CalPERS offers three types of health plans to members whose employers provide CalPERS health benefits:

- Preferred Provider Organizations (PPO) – PERS Select, PERS Choice, PERSCare, California Association of Highway Patrolmen (CAHP), Peace Officers Research Association of California (PORAC), (all the PPO plans are administered by Anthem Blue Cross)
- Health Maintenance Organizations (HMO) – Blue Shield of California, Kaiser Permanente, California Correctional Peace Officers Association (CCPOA, administered by Blue Shield)
- Exclusive Provider Organization (EPO) – Blue Shield EPO

Preferred Provider Organization (PPO)

A PPO is similar to a traditional "fee-for-service" plan, but you must use doctors in the PPO provider network or pay higher co-insurance (percentage of charges). A PPO allows you to select a primary care provider and specialists without referral. In these plans, you must usually meet an annual deductible before some benefits apply. You are responsible for a certain co-insurance amount, and the plan pays the balance up to the allowable amount.

Health Maintenance Organization (HMO)

HMOs offer you a range of health benefits, including preventive care, for a monthly fee, with no deductibles or maximums. They also set co-payments for the care you receive. The HMO will give you a list of doctors for your use in choosing a primary care physician (PCP). The PCP coordinates all your care, including referrals to a specialist. If you go outside of the HMO without a referral from the plan, you'll be responsible for the total cost of services, except for emergencies or urgent care services.

HMOs are available only in designated California service areas. To see which plans are available where you live or work, use our Health Plan Search By ZIP Code online service. Kaiser Permanente is available in some other states, although the covered benefits can vary.

Exclusive Provider Organization (EPO)

This type of plan is limited to members in certain California counties. This plan offers the same covered services as the Blue Shield Access+ HMO plan, but you must seek services from Blue Shield's statewide PPO network of preferred providers. You are not required to select a personal physician.

**Employer
Contribution
Rates**

The employer contributions rates for Public Agencies and Schools can be provided by your employer.

The employer contribution rate for State members can be found at the CalHR Web site.

**Eligibility
Requirements**

To be eligible for CalPERS health benefits:

- Your employer must contract with CalPERS for health benefits
- You must meet time base (e.g. half-time or full-time status) and tenure (appointment length) requirements

You should contact your employer's health benefits officer (HBO) or personnel office for questions regarding your CalPERS health benefits. Each agency has a health benefits officer (HBO) to assist you with enrollments and explain the eligibility requirements.

**Retired
Member
Eligibility
Requirements**

To be eligible for CalPERS health benefits into retirement:

- Your employer must contract for the CalPERS Health Benefits Program
 - You must retire within 120 days of separation from your CalPERS employer
 - You must be eligible for health benefits at the time of retirement
 - You must receive a monthly retirement benefit from CalPERS
-

**Health
Resources**

CalPERS makes several publications and online tools available to you to assist you with your health benefits decisions.

Health Publications:

- Health Program Guide
- Health Benefits Summary
- Evidence of Coverage Publications

Online Tools:

- Health Plan Chooser
- Health Plan Search by ZIP Code
- Your Health Plan Statement

The CalPERS On-Line Web site at www.calpers.ca.gov has detailed information on all our health plans, eligibility, enrollment, and rates.

Open Enrollment

Our health open enrollment period is in the fall of each year. Check with your employer for specific dates.

During open enrollment you can:

- Enroll in a health plan
- Change your health plan
- Add dependents to your health plan

You can delete dependents from your health plan at any time by contacting your personnel office.

Active Member Plan Changes

All active employees should contact their health benefits officer (HBO) or personnel office regarding changes to their health plan.

You must complete and submit to your employer the *Health Plan Enrollment* form (HBD-12) prior to the end of the open enrollment period. Contact your employer to obtain a copy of this form.

All changes made during open enrollment become effective January 1 of the following year.

COBRA

What is COBRA?

The **Consolidated OmniBus Reconciliation Act (COBRA)** is a federal program that allows continuation of your group health plan coverage for yourself and your dependents if you separate from employment or become ineligible for CalPERS coverage. Health coverage can continue for 18 months for you and up to 36 months for dependents.

You must apply for coverage under COBRA within 60 days of loss of coverage, and the COBRA coverage must begin the day after your loss of group coverage. You enroll in COBRA through your personnel or human resources department.

The cost of COBRA coverage is 102% of the group coverage premium – there is a 2% administrative fee. You will have to pay premiums from the date your CalPERS health coverage ends. Your premium payments for COBRA go directly to the health plan, not CalPERS.

State Health Vesting

State Contribution

Upon retirement from State employment, the State may pay an amount towards your health insurance premiums. The amount of the State's contribution you are eligible for is based on:

- When you were first hired by the State
- The amount of service credit you've earned

The State's contribution may cover all or only a part of your health plan premiums. The amount of the State's contribution is determined by taking an average of the premiums of our four most popular health plans. Because it's an average, the premiums for some health plans will be more than the State's contribution, others will be less than the State's contribution. As a result, even if you qualify for 100 percent of the State's contribution, you may still have a deduction coming out of your retirement check for your health coverage.

State Vesting Requirements

If you were hired by the State:	Then you receive:										
Prior to January 1, 1985	100% of the State's contribution upon your retirement										
Between January 1, 1985, and December 31, 1988	100% of the State's contribution if you have 10 years CalPERS service credit, if less than 10 years you receive a prorated amount based on your years of service, e.g. 8.5 years would get 85% of the state's contribution.										
January 1, 1989 and later	<p>A percentage of the State's contribution based on the following table, only service credit earned in State service counts in this situation:</p> <table> <tr> <th>Years of State Service</th><th>State Contribution</th></tr> <tr> <td>Less than 10 years</td><td>0%</td></tr> <tr> <td>10 years</td><td>50%</td></tr> <tr> <td>10 to 19 years</td><td>50% plus 5% added for each full year completed after the 10th year</td></tr> <tr> <td>20 years or more</td><td>100%</td></tr> </table>	Years of State Service	State Contribution	Less than 10 years	0%	10 years	50%	10 to 19 years	50% plus 5% added for each full year completed after the 10 th year	20 years or more	100%
Years of State Service	State Contribution										
Less than 10 years	0%										
10 years	50%										
10 to 19 years	50% plus 5% added for each full year completed after the 10 th year										
20 years or more	100%										

Your "first-hired" date for determining eligibility is the first day you came to work for the State. Each State member fits into one of the three "first-hired" date categories listed in the above chart.

Online Resources

Navigating CalPERS On- Line

From our Homepage, gain instant access to our most popular pages and services by clicking “Quick Links” and “Online Services.” Create your “Member View” so that the Web site will show only information pertaining to you member category and status.

- Access the my|CalPERS web portal
 - View “Important Dates and Events”
 - Keep up with CalPERS developments in “CalPERS News”
 - Download or order CalPERS forms and publications
 - Subscribe to CalPERS Email Subscription services
-

my|CalPERS

my|CalPERS is a personalized, secure Web site developed with you in mind. With my|CalPERS, accessing your personal retirement, health and financial information is fast, easy, secure, and reliable. View your retirement account balances, create a forecast for your future with our planning calculators, enroll in our classes, personalize your home page, and more!

my|CalPERS Services

Some of the services available to you at my|CalPERS are:

- Retirement – your retirement summary, statements, and the Retirement Estimate Calculator
 - Health – your health plan summary and health plan search (if applicable)
 - Education Resources – view classes, publications, your education activity and history, and schedule appointments
 - Profile – manage your personal and contact information, security settings, password, and mailing preferences
 - Message Center – contact CalPERS
-

**Services
Available at
CalPERS
On-Line**

The CalPERS On-Line Web site is your one-stop information center for CalPERS programs and services – on the Internet at www.calpers.ca.gov. It's available to serve you 24 hours per day, 7 days a week. All you need is a computer with Internet access.

Services available at CalPERS on-line:

- Service Credit Cost Estimator
- Retirement Estimate Calculator – enter my own data
- Health Plan Chooser
- Health Plan Search by Zip Code
- Ask CalPERS
- Forms and Publications Center

The above tools and services do not require you to login.

Our Web site has a feature that allows you to customize the content so that you only receive information that is relevant to you. Just select a “member view” by entering your member status and category and the Web site will automatically provide you with the information and services that applies to your circumstances.

Contacting CalPERS

How to Contact CalPERS

There are four ways to contact CalPERS:

- Online – My|CalPERS Message Center or the Ask CalPERS service
 - By phone – the CalPERS Customer Contact Center
 - By mail
 - In person – your nearest Regional Office
-

CalPERS Online Website

Send a secure message with the My|CalPERS Message Center. Using this service requires you to log into the My|CalPERS web portal.

You can use the *Ask CalPERS* service on our Web site, www.calpers.ca.gov. It's a versatile service that lets you to ask questions on just about any topic. Access *Ask CalPERS* by selecting the "Contact Us" link at the top of the homepage. Choose the method of response you prefer – phone, e-mail or letter. Responses from *Ask CalPERS* generally take a couple of weeks.

Note: E-mailed responses to the Ask CalPERS service cannot include any personal or confidential information.

CalPERS Customer Contact Center

For assistance by telephone, call us toll free at **888 CalPERS** (or **888-225-7377**). CalPERS customer service agents are available to help you Monday through Friday, 8:00 a.m. to 5:00 p.m. TTY for speech and hearing impaired: (877) 249-7442.

Our call center now features a virtual hold service. If the estimated hold time is greater than six minutes, the system will give you the option to continue to hold or to hang up, and the system will hold your place in line and then we'll give you a call back when your place in line comes up.

Note: You may want to try to avoid calling us during these busy times:

- The first workday after a holiday
 - The first day of the week, of a month, of a pay period, of a year, or of open enrollment for health benefits.
-

Contact CalPERS by Mail

When corresponding with CalPERS by mail, please keep in mind that most responses take a couple of weeks, but if your question or situation requires detailed research a response can take a month or more. You can find a list of CalPERS addresses on our Web site through the “Contact Us” link at the top of the homepage.

CalPERS Regional Offices

For in-person assistance you can visit a CalPERS Regional Office near you. Retirement representatives are available to help you Monday through Friday, 8:00 am to 5:00 pm. To make your visit as productive and smooth as possible, please have all your paper work completed to the best of your ability before arriving to the office. You may schedule an appointment through our Web site or by calling our toll free number **888 CalPERS** (or **888-225-7377**).

Sacramento Regional Office
400 Q Street, Room 1820
Lincoln Plaza East
Sacramento, CA 95811

Glendale Regional Office
Glendale Plaza
655 North Central Avenue,
Suite 1400
Glendale, CA 91203

San Diego Regional Office
7676 Hazard Center Drive,
Suite 350
San Diego, CA 92108

Orange Regional Office
500 North State College Blvd.,
Suite 750
Orange, CA 92868

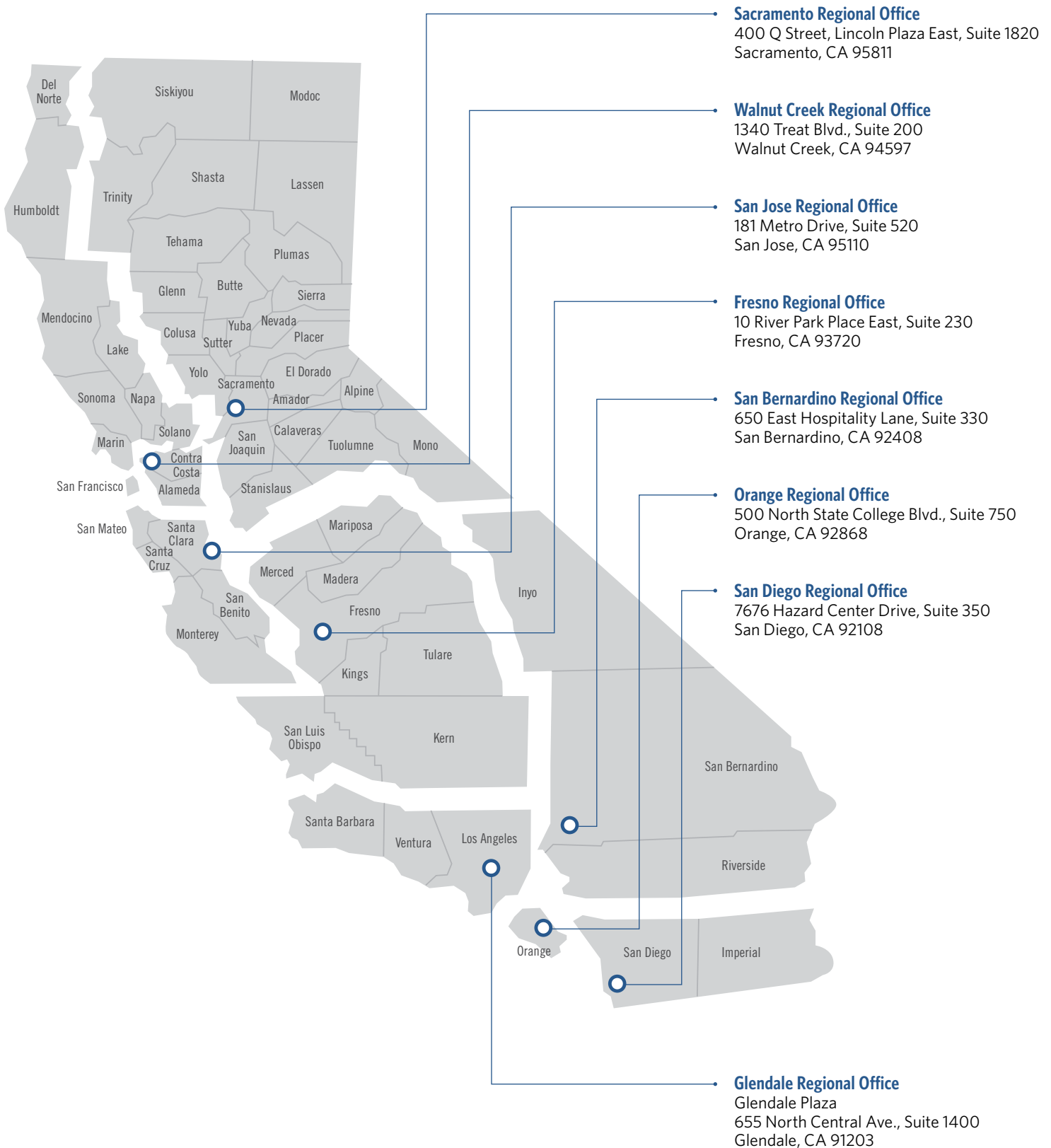
Walnut Creek Regional Office
1340 Treat Blvd., Suite 200
Walnut Creek, CA 94597

San Bernardino Regional Office
650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Jose Regional Office
181 Metro Drive, Suite 520
San Jose, CA 95110

Fresno Regional Office
10 River Park Place East, Suite 230
Fresno, CA 93720

CalPERS Regional Offices



Additional Information

Emergency Retirement

If a medical condition indicates you may not survive long enough to fully process your retirement application, an emergency retirement may be needed.

An emergency retirement is a special process to expedite retirement applications for members who are facing a terminal illness or imminent death.

It is important to contact CalPERS in this situation because it allows you to specify a beneficiary for your retirement benefits.

Eligibility for an Emergency Retirement

Any active or inactive member of CalPERS may request an emergency retirement if they are eligible for a service or disability retirement.

Emergency situations include:

- Potential imminent death: you may not live long enough to complete the normal retirement process
 - Potential imminent comatose condition
 - Undergoing an operation that you may not survive
-

Contact Information

If an emergency retirement becomes necessary, you can begin the emergency retirement process by contacting:

- CalPERS at **888 CalPERS** (or 888-225-7377)
 - Your employer
-

CalPERS is bringing member education into the 21st century! With the CalPERS Education Center, it is now easier than ever to educate yourself about your CalPERS benefits and services, and how to plan for your financial future.

The online CalPERS Education Center is your one-stop shop for managing all your CalPERS education needs. You can register online for instructor-led CalPERS education classes, take classes online, and make an appointment online with a CalPERS retirement counselor. You can do all of this and more 24 hours per day, 7 days a week, at the CalPERS Education Center. All you need is a computer with Internet access.

Visit the CalPERS Education Center at the CalPERS On-Line Web site at www.calpers.ca.gov.

Also on our Web site is "my|CalPERS," our personalized Web site for members that allows you to access your personal CalPERS account information and perform transactions online. To request or download CalPERS forms and publications, go to our online *Forms and Publications Center*. For immediate assistance, call our Customer Contact Center at toll-free **888 CalPERS** (or 888-225-7377).



California Public Employees' Retirement System
400 Q Street
P.O. Box 942701
Sacramento, CA 94229-2701

888 CalPERS (or **888-225-7377**)
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